

St. Mary Rehabilitation Working Group Meeting
10:00 – 3:00 January 22, 2007
Chinook Motor Inn – Chinook, Montana

Welcome and Introductions:

Members Present: Dave Peterson, Mike Barthel, Dolores Plumage, Paul Tuss, Gary Anderson, Max Maddox, Randy Perez, John Lacey, Marko Manoukian, Matt McCann, Randy Reed

Staff Present: Larry Mires (Exec. Director), Brandi Beecher (Exec. Assistant), Paul Azevedo (DNRC-Project Coordinator), Judy Edwards (MT Consensus Council)

Information included in meeting handouts:

- Agenda
- Approved November 15, 2006, SMWG Meeting Notes.
- Draft December 19, 2006, SMWG Meeting Notes.
- Draft December 22, 2006 SMWG Executive Committee, conference call Meeting Notes.
- Draft January 12, 2006, SMWG Executive Committee, conference call Meeting Notes.
- SMWG Financial Statement.
- Draft Executive Director Scope of Work.
- NWRA Priority Issues for 110th Congress.
- Statement on procurement of Legal Services for SMWG.
- SMWG Committee list.

Review and approval meeting notes:

- SMWG approved agenda.
- SMWG approved December 19, 2006 meeting notes.

Criteria for use of legal funds

- Paul A. reviewed the Statement on Procurement of Legal Services handout.
- Paul A. talked about the procurement process and the SMWG will operate by consensus to procure these services.
- Ruben Horseman questioned the consensus process. Paul A. responded that the SMWG operates under the consensus process on all issues.
- Dolores P. questioned whether or not SMWG members could be held liability for recommendations they provided.
- Matt McCann asked about the liability of procuring services of the SMWG.
- Anne Yates said as an informal group she was unsure of the liability. The SMWG is an advisory group to the Governor. The Governor's Office would be responsible for implementing a recommendation.
- SMWG approved the Statement of procurement process for accessing of legal services by consensus.

Spending Limit for Executive Director

- Paul A. opened discussion on setting a spending limit for the SMWG Executive Director.
- Paul T. said that the SMWG Executive Committee decided the Executive Director could spend up to \$1,000.
- SMWG approved by consensus a \$1,000 spending limit for Executive Director and Executive Committee.

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Scope of Work for Executive Director

- Paul T. discussed the process for entering into a contract for Executive Director.
- Matt M. questioned the total costs to the SMWG.
- Larry and Paul T. reported the total fixed costs would be approximately \$7,100 per month.
- SMWG extensively discussed the Executive Director Scope of Work.
- SMWG approved the Executive Director Scope of work.

Congressional Reports

- Kristina Davis of Senator Baucus office reported Senator Baucus is working on getting the authorization approved. Senator Baucus recommended using last year's draft legislation as a starting point for the 110th Congress. She suggested the SMWG should become very familiar with the language, in case of the need for changes as the legislation goes through Congress.
- Kristina said Senator Baucus is encouraging the Blackfeet tribe to continue working on water compacting. She also encouraged SMWG to help the Blackfeet Tribe during the compacting process.
- Max M. questioned the Blackfeet Compacting process. Larry M. and Paul A. said that based on the Tribe's testimony at the September 1 2006 Senate Field Hearing in Havre, the Blackfeet Tribe is supportive of the Authorization language as long as construction does not begin before the compact is completed.
- She talked about concerns about the appropriation from the US Highway bill.
- John Lacey questioned why the appropriation was diverted to Highway 89? Kristina said the money is being used to prepare the Highway for the construction of the bridge. Paul A. said the SMWG needs more information on the bridge appropriation.
- Seth Broesder of Representative Rehberg's office said they will continue working with the SMWG on Legislation in the House.
- Seth also said Rehberg's office is currently accepting Appropriation requests. The application is digital and it has been emailed out. The deadline is February 24th. He also stated that Congressman Rehberg has been assigned to the House Appropriations Committee.

Discussion on Federal Appropriations Request

- Paul A. reviewed the draft St. Mary Rehabilitation Project 2008 Federal Appropriations request.
- Gary questioned the line item of \$1,000,000 to prepare study(s) to identify projects to improve economic conditions on the Blackfeet Reservation. Paul A. said it was a benefit requested by the Blackfeet Tribe.
- Paul A. said the SMWG needs to discuss this draft and come to a conclusion before the February 24, 2007 Appropriations request deadline.
- Dolores questioned the amounts for the Blackfeet and Fort Belknap Tribes? Paul A. said he used the funding request for 2007 appropriations to develop the 2008 draft. She said we need to have documentation from the each Tribe on the appropriation request and what the money will be used for.
- Randy P. suggested using the 2007 draft appropriations, unless there are problems.
- Paul A. will work with SMWG to develop the appropriations request. May need to hold conference call.

Hearing on Long Range Planning Appropriations

- Paul A. described the process of House Bill 6, which includes \$300,000 in Resource Development Grant Program funding for the SMWG. He said the grant request is ranked 5th out of 16 applications.

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- The Hearing will be held on January 25, 2007 in Helena. Several SMWG members will be there to testify.
- Gary questioned how important it is to make the trip to Helena? Former Legislator Matt McCann said it is important for the grassroots effort.
- Judy E. reminded the SMWG that the process agreement says only the SMWG co-chairs may officially represent the SMWG when talking to Legislators.

Discussion on Draft Legislation to Promote Sustainability of the Milk River Project - LC0630

- Judy E. led discussion on the LC 0630.
- Lt. Governor Bohlinger said the bill was not requested by the State. He also said the Governor is supportive of developing the basin authority concept.
- Larry M. reported he met with the Blaine County Commissioners and discussed LC 0630. During the conversation, Commissioner Vic Miller said he was interested in working on LC 0630 with the Milk River Joint Board. Larry said some of the County Commissions along the Hi-Line may work on the effort instead of the SMWG.
- Dolores P. said she has concerns on the amount of time and money that will be required to work on this legislation. She said Blaine County Commissioner Swenson questioned why the efforts should be carried by Counties? She reported Blaine County Commissioner Miller would like to have a meeting with other interested Counties to discuss details
- Judy E. said Kay Blatter is supportive of the Milk River Joint Board working on the legislation.
- Max M. added the Joint Board would like to be involved in developing the legislation and to get the law in place to allow an entity to be formed.
- Randy R. said the basin authority concept will mostly affect the Counties and the irrigation districts. He said this concept is being used in other states to generate additional revenue for irrigation projects, by giving the counties the authority to access an Ad valorem tax.
- Max M. questioned who will spearhead the effort? Dolores said Blaine County has not committed to spearheading the effort. They hope to hold a meeting among the other interested commissioners to discuss the concept.
- Dolores questioned why the effort is not going to be led by the SMWG? She felt there are a lot of water experts including the ex officio members, and the SMWG may have the resources to champion the bill.
- Gary A. said Chinook Mayor and a City Council person attended the meeting with Larry M.
- Bill Oemcke, Mayor of Chinook said he agreed with Dolores that the SMWG had the right people to move the bill forward. He suggested the SMWG operate the entity and become the legal entity.
- Freida Bryson of Chinook City Council said she agreed with Mayor Oemcke's concept.
- Max M. said the Joint Board is supportive of LC 0630, however they do not feel the SMWG is not the right group to move the effort forward. He said the Joint Board felt the effort is not a role of the SMWG.
- Cole Maddox said Joint Board doesn't feel the SMWG should be leading the effort on LC 0630.
- Randy P said there is some concern from the Fort Peck water user who are listed in the LC.
- Randy R. said because of the contention of the development of a basin authority, he feels it would be best to hand the led to another entity. He said the SMWG needs to focus efforts to rehabilitate the St. Mary Milk River system. He said it should be up to the Joint Board because it is their livelihood.
- Dave P. said since the effort will involve a tax to taxpayers across the Hi-Line it will affect everyone's livelihood, so the group needs to represent both irrigators and taxpayers. He felt the SMWG should not be the group to spearhead the effort.

Approved Meeting Notes

- Matt McCann asked Bill Oehmcke if he supports the concept? Bill Oehmcke said he felt it was the only way to get it done.
- Matt McCann asked Cole Maddox if the Joint Board is prepared to move the LC 0630 forward during this session? Cole said they are willing to get started on the effort.
- Matt McCann said he is prepared to give the effort to the Milk River Joint Board of Control.
- Dolores questioned why the Rocky Boy and Fort Peck tribes are in the LC? She's not against the LC 0630, but she needs more information.
- Lt. Governor Bohlinger said he was a part of Montana's Legislature for 12 years. He said it takes a very pointed effort to move a bill forward. He suggested the Joint Board should appoint a committee to work on the bill.
- Mike Barthel questioned the advantages and disadvantages of forming a basin authority. Randy Reed said the advantage will form an additional revenue pool for the sustainability of the Milk River. The details must be formed by those that spearhead the effort, so those who are affected need to be involved. He said the disadvantage is the Milk River system is a single use system, so only the current irrigation contract holders will be responsible for any repairs if the system fails.
- Max M. said House Bill 222 is moving forward to support a study of the economic value of irrigated agriculture in Montana
- Gary felt there are a lot of pluses in developing the concept.
- Paul T. asked if the Joint Board has the capacity to pursue the effort in an aggressive manner? Cole Maddox responded that they are willing to work on the effort.
- John L. said he is in favor of letting the Joint Board take over the effort, but concerned that it won't happen during this session.
- Randy P. said he felt the SMWG should be involved in the development of a basin authority, not just hand off the development to Milk River Joint Board of Control. He felt the SMWG had more staff and resources to move the concept forward.
- Matt suggested the SMWG not take a position. The Joint Board could take the lead.
- Randy R. said he liked Matt's suggestion.
- Dave P. said it's a good idea.
- Max M. said he felt the Joint Board would involve several members of the SMWG during the development of the basin entity concept.
- Larry M. added that it is Representative Musgrove's legislation so it was up to him on who championed the bill. He added that the SMWG needs to focus on the authorization and appropriation of the St. Mary Milk River system.
- Paul T. said if SMWG takes the development of a basin authority off of its agenda, the SMWG Executive Director should not be working on it due to the importance of focusing on authorization.
- SMWG voted by consensus to take the basin Authority off of the SMWG agenda. Randy P. voted thumbs sideways.

Executive Directors Report

- Larry M. reported the St. Mary/Milk River project continues to be the poster child of aging infrastructure because of the SMWG's continued presence at National meetings.
- Larry M. reported he has received information that now is not the time to ask for additional funding from the State of Montana.
- Larry M. is monitoring State legislation as the session continues.
- He has been selected to serve on the Missouri River Restoration Team.

Approved Meeting Notes

- The siphon will be on display in Helena this week.
- The Montana Water Resources Association will hold their annual meeting this week in Helena.
- Larry suggested taking a trip to DC to gather support of the St. Mary/Milk River project, but need consensus from the SMWG on appropriations request.
- Larry, Randy R. and Max M. will be attending the Family Farm Alliance annual meeting on February 22-24, 2007 in Las Vegas.
- Larry said he will also be attending the National Water Resources Association Fly-in on March 24-29, 2007 in Washington, DC.
- Kristina Davis added the legislation will be started as the original legislation, without the changes that were made in September 2006.
- Matt McCann questioned if the federal legislation will be introduced in both houses? Larry said Senator Baucus will introduce in the Senate and Representative Rehberg will introduce in House.
- Paul T. questioned when it strategically makes sense to make the trip to Washington DC. Kristina Davis said it will not make difference on the appropriations request.
- Larry suggested a couple people from SMWG should attend and a couple should attend from the tribes. He recommended a group of four or less.
- Matt M. suggested being conservative because there will be several other trips required.
- SMWG agreed by consensus to let the Executive Committee make the decision on who will be traveling/when to Washington DC.

Financial Report

- Paul T. gave a financial report, pointing out the carry over of \$166,000 into 2007. He said SMWG received invoice from Montana Water Resources Association annual dues for \$3,000. Also have a \$25,000 invoice from DNRC for a commitment made by the SMWG to DNRC related to spending of Environmental Contingency funds during the Martz administration. DNRC invoiced Bear Paw on June 2005, however the invoice was never received by Bear Paw Development.
- SMWG approved paying MWRA \$3,000 for 2007 annual fees.
- SMWG approved paying DNRC \$25,000 for invoice.
- Gary A. said contributions are down about 25%, but he feels changing the calendar year will be beneficial.

Status Report on St. Mary Bridge

- Erling Juel of TD&H introduced Dan McCauley of Great West Engineering. Dan reported the bridge project is moving ahead of schedule and the concept design is approximately 30% complete. MDT has seen an across the board 20% increase in project costs. Effects of war in Iraq, and post Katrina on building materials. .

Contingency Planning Committee

- Dave reported the Contingency Committee will hold a meeting following this meeting.

St. Mary's Operation Report

- Ed H. of USBR reported:
 - Sherburne at 214% of normal and 98 % compared to last year
 - Fresno 112% of average, 84% compared to last year.
 - 82% of average, 85 % of last year.

Approved Meeting Notes

Update on Committee Assignments

- Paul A. said it is time for the SMWG to revisit the committee assignments.
- The Engineering Committee will be changed to a NEPA committee.
- SMWG will think about committee changes that will be discussed during the next meeting.

Working Group/Public Comments

- Dolores questioned if there are any changes to the SMWG members.
- Larry reported Jim Rector has turned in a letter of resignation and Two Rivers is in the process of selecting a replacement.
- Kristina Davis commented it does not matter when the SMWG visits Washington, DC.
- Ron Crossguns of BIA Blackfeet Agency asked if next meeting could be held in Browning? He said he owns land and has concerns on the rehabilitation and would like to be involved.
- Dolores said the meetings are rotated up and down the Hi-line and she is open to having the next meeting in Browning.
- Ron Crossguns questioned the NEPA requirements? Brett Esplin said USBR is still trying to figure out the requirements, but felt it will involve land both on and off reservation. Ron said the canal is a man made structure and fears that the NEPA will use information provided by Blackfeet Tribal offices and federal offices. Suggested using Blackfeet Tribe or Blackfeet Community College to contract to do the NEPA study. Brent Esplin said the NEPA has not been federally triggered.

Summary of Agreements

- SMWG approved the Statement of procurement process for accessing of legal services by consensus.
- SMWG approved the Executive Director Scope of work.
- SMWG approved by consensus a \$1,000 spending limit for Executive Director and Executive Committee.
- SMWG voted by consensus to take the basin Authority off of the SMWG agenda. Randy P. voted thumbs sideways.
- SMWG agreed by consensus to let the Executive Committee make the decision on who will be traveling/when to Washington DC.
- SMWG approved paying MWRA \$3,000 for 2007 annual fees.
- SMWG approved paying DNRC \$25,000 for invoice.

Summary of Action Items

- Paul A. will get more information on the Highway funds for the bridge.
- SMWG staff will email amended Senate Bill 3563.
- SMWG needs to review the original Senate Bill 3563.
- Paul A. will work with SMWG to develop the appropriations request. May need to hold conference call.
- SMWG will think about committee changes, that will be discussed during the next meeting.

Next Meeting

- February 28, 2007 in Chinook
- Randy Perez said the next meeting should be in Fort Belknap however he would rather have it at the Chinook Motor Inn because Fort Belknap does not have a meeting location.

Potential next meeting agenda items

- Discussion on Authorization Language
- SMWG Committee Changes

